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AUTHOR Nussbaum, Thomas J.
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ABSTRACT

This testimony presents an overview of the budgetary needs of the California Community College system for the fiscal year 2001-2002. Thomas J. Nussbaum, Chancellor of the California Community Colleges, makes a case for a requested budget increase of between $750 million and $800 million per year. The request is based in large part on the funding gap between California's community colleges and the rest of the nation, which currently stands at 65 cents on the dollar. Nussbaum proposes a budget that would decrease the gap from 65 cents to 85 cents on the dollar by 2005. Because of the budget gap, California's community colleges: (1) have significantly larger class sizes than the national average; (2) often use part-time instructors when full-time instructors should be utilized; (3) often have outdated instructional equipment; (4) often avoid expanding or creating high-cost programs; (5) forego the need to attend to staff and leadership development; (6) forego modernizing facilities and keeping up with maintenance; and (7) have very high student-counselor ratios. This paper proposes financial augmentation to: (1) accommodate the increased enrollment expected in the next decade; (2) better compensate part-time faculty; (3) improve student outcomes; (4) ensure equitable revenues to support students statewide; (5) expand the use of technology; (6) improve noncredit courses; and (7) expand and make improvements in other areas. (NB)

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ED 454 937

Senate Budget and Fiscal Review Subcommittee No.1

Overview of the California Community Colleges

Wednesday, February 28, 2001, 1:30 p.m.
State Capitol, Room 112

Written Testimony of Thomas J. Nussbaum,
Chancellor of the California Community Colleges

Given the increasing complexity of our society, and the need to remain competitive in the workforce, ongoing access to higher education has gone from a privilege to an absolute necessity.

Chair O'Connell and members, good afternoon. I am honored to present the budget overview for the hardest working community college system on Earth, the California Community Colleges. I have been associated with this incredible system my entire career, including the last five years as Chancellor. In the process I have come to know many of you—to know that you too value and support the community colleges—that you too champion the role we play in providing social and economic opportunity and hope for millions of Californians. But today I come to talk with you about doing even more—about the responsibility we have to make an even greater investment in students who deserve a world class education, an investment that is also essential for the social and economic future of the State.

During the next ten years, an additional 625,000 students will arrive at the doors of California's public universities and colleges, and three out of every four of these students—about 450,000—will be coming to community colleges. Boiled down to its most elemental form, the community colleges face the challenge of serving the needs of hundreds of thousands of additional students who:

- Are increasingly diverse
- Vary considerably in terms of their levels of educational preparation
- Have a wide variety of educational goals
- Are of all ages and walks of life
- Are very much dependent upon the community colleges for social and economic opportunity; and who
- Will contribute significantly to the social and economic success of our State if they are served

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Take a moment to visualize the faces and dreams of our students and you'll understand why community colleges must be nothing less than first-rate institutions. Walk on any campus and you will see that we mirror the rich diversity of our State. Our students are:

- 25.6% Latino
- 7.9% African American
- 13.4% Asian/Pacific Islander
- 46% White
- 57% Female

Of our 1.6 million students, eight out of ten (or 1.25 million) are working, and four of the ten (or 650,000) are working full-time. The vast majority of our students are of middle or low-income backgrounds. They come to us with many different goals. About four of ten want to transfer, and the other six want either to obtain a vocational education degree or certificate, obtain an associate degree, formulate career interests, prepare for new career, advance in a current career, pursue educational development, or improve basic skills.

The reality is both simple and stark: given the increasing complexity of our society, and the need to remain competitive in the workforce, ongoing access to higher education has gone from a privilege to an absolute necessity. The California Community Colleges are the workhorses of higher education. We serve our students and the State with an incredible degree of resourcefulness, efficiency, and effectiveness. Our track record, our contribution to our students and the State, merits a much greater level of investment; and we are prepared to work even harder to meet your expectations in return for this investment.

As I proceed with the overview, I'd like to turn first to the overall funding context, and then address the budget priorities that we call upon you to address this year.

The Overall Funding Context: A World Class Education at 65 Cents on the Dollar?

If you refer to California Postsecondary Education Commission's "Fiscal Profiles, 2000" you will see that the community colleges provide education programs and services at a revenue rate of $4,675 per full-time equivalent student. When you look at community colleges nationally, you will see that California's figure is about $2,300 below the national average for community colleges in funding per student. In essence, we're being asked to provide the world class education that our students deserve with a funding level that's about 65 cents on the dollar as compared with the national average.

While our colleges must necessarily achieve major efficiencies to operate at this low level of revenue, there comes a point when funding levels are so low that quality is compromised. Here are just a few examples of the "no win" decisions that our colleges have been forced to make:

- Class sizes are significantly larger that the national average, thus limiting the attention that our instructors are able to devote to their students;
- We often use part-time instructors when we should be using full-time faculty;
- Our instructional equipment is often outdated, and we aren't keeping up with technology;
- We avoid creating or expanding high cost programs (many of which are in the occupational areas);
- We forego the need to attend to staff and leadership development;
- We forego modernizing our facilities and keeping up with deferred maintenance; and
- We have very high student to counselor ratios, thus limiting the access our students have for couseling and advisement.

Mr. Chair and members, I hope you agree with me that our students deserve better than this. Our students are the faces and future of California. Their dreams are as precious and valid as the aspirations of students attending our four–year colleges and universities. The quality of education that we provide for three–fourths of the State's higher education attendees has everything to do with our achieving the State's potential as a healthy and successful multicultural democracy. In my view, we are being irresponsible to our students and the State if we don't substantially increase the resources we devote to the education of our community college students.

The Board of Governors has worked with our 72 districts and all of our related community college organizations to propose that, by 2005, the funding gap between our system and the national average should be narrowed from 65 cents on the dollar to 85 cents on the dollar. To achieve this modest and reasonable goal means that funding per full-time equivalent student must be increased by about $500 per year, over the next four budget cycles. This would result in the colleges being funded at between $6,500 to $6,800 per student in 2005, with the national average being projected at $8,000 per student. Given the compelling need to fund additional access, and given the need to increase funding per student, the overall ongoing augmentation for our colleges must be between $750 and $800 million per year. Approving this level of augmentation each year will, by 2005, enable our colleges to be at 85% of the community college national average in funding per student.

Specific Budget Priorities for 2001-2002

Knowing the difficult resource allocation decisions that you and the Governor must address in determining the entire State budget, I realize it's not enough to simply describe the overall funding needs of our colleges. In addition, it's our responsibility to describe how we would invest these funds to assure that the system will meet compelling needs that have been recognized by the Legislature and the Governor. Documenting the extent of underfunding is a necessary, but insufficient step. In addition, we need to convince you that the additional funds we seek will be applied to meet compelling State interests. Here, then, is how we would invest the $750 million augmentation we have requested:

1. **Increased Access-Tidal Wave II: 4% Enrollment Growth ($152.7 Million)**

Since not every student is initially entitled to be admitted to the University of California or the California State University, the community colleges uphold the State's guarantee of open access to higher education. With your help in recent years, we have met this responsibility. Between 1995 and 2000, the California Community Colleges rekindled access to higher education by increasing their fall enrollment levels by an astounding 260,000 students! We have gone from 1,336,000 students in the fall of 1995, to 1,596,000 students in the fall of 2000-almost a 20% increase. As of the fall of 1999, we finally overcame the 180,000-student enrollment decline forced upon us by reduced funding during the recession. We are now proceeding at a pace to meet or slightly exceed CPEC's enrollment projections for our system for 2005 and beyond. CPEC's projections call for the community colleges to serve 1,761,000 students by 2005-meaning that during the next five years we need to at least duplicate the effort of the previous five. To accomplish this goal, we are again requesting an augmentation for 4% growth in enrollments.

2. **Compensation, Goods, and Services—4% ($164.3 Million); and Part-Time Faculty Compensation ($75 Million)**

Under current law, the K-12 schools and community colleges are annually provided with a "statutory COLA", in accordance with a prescribed index. This year, we have revised the usual "statutory COLA" request to more accurately measure the resources needed to keep pace with changes in compensation, goods, and services. The statutory index will not provide sufficient resources to cover increased energy costs. In framing this request, we have applied the approach the State has used with respect to the University of California and the California State University.

A second and separate component of this request is the request for $75 million for part-time faculty compensation. As a system, the Board of Governors and my office worked with many groups to develop and submit this proposal to address a problem that has been with us for nearly three decades. Compensating our part-time faculty with salaries that are more comparable to their full-time counterparts will enhance the quality of staff we are able to attract, enable us to better retain staff, and ensure that our students have access to their instructors. Governor Davis is to be commended for his leadership in funding most of this request. With this important start, California can again lead the nation with a progressive response to a problem that is now national in scope for all of higher education.

3. Improving Student Outcomes-the Partnership for Excellence ($100 Million)

When all is said and done, it is the quality of our services and our ability to enable more of our students to succeed that is paramount. That is why we are making the commitment to do better as a system. In 1998-99, we proposed the, "Partnership for Excellence" a program that will help ensure the system "earns its way" to the funding goal described above by producing more of the student outcomes inherent in our mission, including:

- increasing the number of transfers to four-year colleges
- increasing the number of students awarded degrees and certificates
- increasing the rate of successful course completion
- increasing the number of workforce course completions
- student improvement in basic skills

We were the first system to come forward with such a proposal, and the first to set such ambitious and specific goals regarding our performance. The proposal was enacted into law in 1998, with 1998-99 funding at $100 million, 1999-2000 funding at $145 million, and current year funding at $300 million.

For 2001-2002, we are requesting the next $100 million installment of Partnership funding. We are proud to report that the program is working, and that the system is making significant progress on the student outcome goals that were established by the Board, in conjunction with the Legislature and the Governor.

4. Ensuring Equitable Revenues to Support Students, Regardless of Where They Attend (Ensuring Student Success Statewide–$45 Million)

This request is part of a multiple year effort to better equalize the revenues that support the education of students attending our colleges. Unlike prior years, districts must use these "equalization" revenues to make improvements in areas the Legislature and the Governor have long been interested in: expanding workforce preparation programs, improving transfer and articulation, adding more full-time faculty, and improving student services.

5. Expanding the Use of Technology ($94.6 Million)

One of the most obvious effects of inadequate funding is that our colleges are not able to invest in the technological resources that will improve the quality of instruction. This proposal is the result of a 3-year planning process that provides a coordinated approach to expanding the resources available for technology.

6. Improving Noncredit Courses ($48.4 Million)

Again, the pervasive underfunding of the colleges has particularly limited the allocation of resources to noncredit programs and courses. Noncredit students are often second language learners, immigrants, high school dropouts, and welfare recipients. As a population, these students are more likely to experience childcare issues, work more than one job, lack transportation, and have few financial resources. This request works to reengineer noncredit programs so as to place these students on a more level playing field in accomplishing their goals.

7. Other Critical Program Improvements (about $100 Million)

Our system budget proposal identifies and justifies another ten or so items for which we are seeking funds to expand existing programs or make needed improvements. While time constraints prevent me from describing each of these equally important requests, I'd like to share them with you for future reference:

- $11.7 million to expand economic development programs
- $11.6 million to expand outreach and access for the EOPS and DSPS programs
- $10 million to improve progress on faculty and staff diversity, including the expansion of faculty internship programs
- $2 million to initiate an Interdistrict Faculty Pilot Project that focuses on part-time faculty working in multiple districts
- $10 million to improve staff development
- $5 million to expand the Teacher and Reading Program
- $15 million to support a Community Services Learning Initiative
- $11 million to support administration of the new Cal Grant reform. Since this reform occured after our budget development process, we had not included it in our request. However, we support and applaud the Governor's leadership in including this appropriation.
- $10 million to augment resources for Scheduled Maintenance and Special Repairs
- $10 million to augment resources for Instructional Equipment and Library Materials

Capital Outlay

Finally, a word about capital outlay. I start this discussion by recognizing and thanking you, Chair O'Connell, for your persistence and leadership in making it easier to pass local capital outlay bonds. Your leadership in developing and advocating Proposition 39 provides us with one of many tools we'll need to assure there are adequate facilities for the massive enrollments coming our way.

To serve the additional 450,000 to 525,000 students and modernize our existing facilities, we'll need to invoke a broad range of revenue sources and strategies, including: moving to year around instruction, working with the Legislature and the Governor to develop the next state capital outlay bond, seeking local revenues through Proposition 39 and through traditional two-thirds votes, joint facilities requests, and public/private partnerships. Our revenue needs for the decade are staggering. For new facilities we'll need $7.5 billion, with $4.5 billion of this amount for the first five years. For facilities modernization (we currently have 4,700 buildings that comprise 53 million square feet of existing space), we'll need $8 billion, with $3 billion of this amount for the first five years.
In terms of year around operations, community colleges have long been a leader in this regard.

I believe there is no segment in public education that uses its facilities as much as we do. Over the last four years, the average number of days that our colleges are providing instruction has moved from 271 days per year to 300! As a system, we have produced a 12% increase in the average number of days our colleges are providing instruction. Where space considerations are otherwise limiting access, our colleges have accommodated additional enrollments by offering dual summer sessions, intersessions, and weekend classes.

In summary, Chair O'Connell and members, I recognize that the $750 to $800 million augmentation request that I have just outlined for you is exceptionally large. In some ways I feel awkward making this request, because I don't want to appear ungrateful for what you have already done to help us better serve our students. In recent years, this subcommittee, the Legislature, and the Governor have approved some of the best ever funding for public education, including our community colleges. Our dilemma is the pervasive underfunding of the community colleges—a condition that has existed for decades—a condition that neither you nor the Governor are responsible for creating. Your funding commitments of recent years have greatly improved our ability to provide the education and services our students deserve; but we're still pervasively underfunded. Our students deserve a world class education, not one compromised in quality by resource constraints. And, just as important, the State needs the community colleges to operate at their full potential if we are to achieve our promise as a successful multicultural democracy. We stand ready to continue improving our programs in response to the State's compelling needs. Once again, in the interest of better serving our students and the State, we need your heroic support. Thank you for the opportunity to provide this overview, and I would be happy to respond to any questions.

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